

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-08 FRB-03 INR-10 NSAE-00 SP-02 STR-07 TRSE-00
LAB-04 SIL-01 OMB-01 HEW-04 PA-01 ICA-11 /084 W
-----000848 081740Z /53

R 081608Z AUG 78
FM AMEMBASSY ROME
TO SECSTATE WASHDC 4756
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMCONSUL FLORENCE
USMISSION GENEVA
AMCONSUL GENOA
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY MADRID
AMCONSUL MILAN
AMCONSUL NAPLES
AMEMBASSY OSLO
AMCONSUL PALERMO
AMEMBASSY PARIS
AMEMBASSY STOCKHOLM
AMEMBASSY THE HAGUE
AMCONSUL TRIESTE
AMCONSUL TURIN
AMEMBASSY VIENNA

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E.O. 11652: N/A
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TAGS: EFIN, ELAB, PINT, SWEL, IT
SUBJECT: LABOR: FREE MEDICINES REPLACED BY SHARED COST UNDER A NEW
LAW APPROVED BY THE ITALIAN PARLIAMENT

1. BEGIN SUMMARY. THE ITALIAN PARLIAMENT APPROVED
RECENTLY A SMALL BUT SIGNIFICANT MEASURE TO REDUCE THE
RAPIDLY ESCALATING COSTS FOR HEALTH SERVICES IN ITALY.

A NEW LAW REPLACES FREE MEDICINES WITH A NEW SHARED COST SYSTEM. THIS NEW LEGISLATION AIMS TO REDUCE THE CURRENT MASSIVE EXPENDITURES FOR AND TO LIMIT UNNECESSARY USE OF MEDICINES. END SUMMARY.

2. BEFORE THIS MEASURE WAS APPROVED, GOVERNMENT HEALTH INSURANCE AGENCIES PAID THE TOTAL COST ON MEDICINES PRESCRIBED BY DOCTORS. NOW, INSURED PERSONS MUST PAY A SHARE OF THE PRICE FOR A PRESCRIPTION, DEPENDING ON THE TOTAL COST.

3. HOWEVER, THE NEW SHARED COST SYSTEM AFFECTS ONLY "SUPPLEMENTARY MEDICINES" (ABOUT 6,000 PHARMACEUTICAL PRODUCTS CONSIDERED NON-ESSENTIAL IN MEDICAL TREATMENT). ABOUT 800 PHARMACEUTICAL PRODUCTS CONSIDERED AS "ESSENTIAL" REMAIN FREE FOR INSURED PERSONS.

4. A SPECIAL COMMITTEE, WHICH WILL SELECT THE "ESSENTIAL" AND THE "SUPPLEMENTARY" MEDICINES, WILL BE ESTABLISHED BEFORE NOVEMBER 30, 1978, UNDER A GOVERNMENT DECREE PREPARED BY THE MINISTER FOR PUBLIC HEALTH. LATER, THE LISTS OF AFFECTED MEDICINES WILL BE PUBLISHED BY THE MINISTRY OF PUBLIC HEALTH.

5. UNDER THE NEW LAW, THE PART PAID BY INSURED PERSONS FOR "SUPPLEMENTARY PHARMACEUTICAL PRODUCTS" WILL BE SET LIMITED OFFICIAL USE

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ACCORDING TO THE COST OF THE MEDICINE AS FOLLOWS:

- (-) UP TO 1000 LIRE--200 LIRE
- (B) UP TO 3000 LIRE--400 LIRE
- (C) OVER 3000 LIRE--600 LIRE

6. THE LAW ALSO PROVIDES THOSE PENSIONERS COVERED BY OLD AGE INSURANCE, WHO ARE OVER 65 AND HAVE NO ADDITIONAL INCOME, WILL RECEIVE AN ANNUAL REIMBURSEMENT OF 10,000 LIRE, WHICH WILL BE PAID EACH YEAR WITH THEIR CHRISTMAS BONUS. FOR 1978, AN INTERIM PAYMENT OF 4000 LIRE WILL BE PAID.

7. COMMENT: THE ABOVE LAW REPRESENTS THE FULFILLMENT OF A COMMITMENT CONTAINED IN THE IMF LETTER OF INTENT SIGNED IN APRIL 1977 AND IS A FIRST BUT SIGNIFICANT STEP IN REDUCING GLOBAL SOCIAL SECURITY COSTS WHICH NOW REPRESENT A PRIORITY ECONOMIC PROBLEM. FOR EXAMPE, FOR EVERY 1000

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LIRE THE GOVERNMENT RECEIVES IN INCOME, IT PAYS OUT 510

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LIRE FOR PENSIONS AND HEALTH AND WELFARE SERVICES.

OVER 25 PERCENT OF THESE COSTS ARE FOR HEALTH SERVICES. IN

1977, HEALTH SERVICE COSTS AMOUNTED TO 8,816 BILLION

LIRE. OF THIS TOTAL EXPENDITURE FOR HEALTH SERVICES,
FREE MEDICINES IN 1977 COST THE HEALTH INSURANCE SYSTEM
1,720 BILLION LIRE. UNDER THE NEW LAW, THE GOVERNMENT
HOPES TO REDUCE THIS AMOUNT BY 250-300 BILLION LIRE OR
ABOUT 15 PERCENT.

8. ANOTHER OBJECTIVE OF THE GOVERNMENT IS TO REDUCE
THE UNNECESSARY USE OF MEDICINES. FOR EXAMPLE,
ACCORDING TO A STUDY MADE BY THE NATIONAL HEALTH INSURANCE
INSTITUTE IN 1976, ABOUT 71.5 PERCENT OF THE
TOTAL PRESCRIPTIONS PAID WERE FOR "SUPPLEMENTARY
MEDICINES" WHICH HAD A COST OF 975 BILLION LIRE OR ABOUT
58 PERCENT OF THE TOTAL 1976 EXPENDITURES FOR MEDICINES.

9. THIS NEW LAW MAY AFFECT THE USE OF MANY PRODUCTS
NOW EITHER IMPORTED OR PRODUCED IN ITALY UNDER LICENSE
BY FOREIGN FIRMS. ABOUT 65 PERCENT OF THE PHARMACEUTICAL
MARKET IS CONTROLLED IN ITALY BY FOREIGN COMPANIES OPER-
ATING IN THIS COUNTRY THROUGH THEIR OWN PLANTS. HOLMES

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